

VZCZCXRO8684

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RUEHLZ RUEHNEH RUEHPW RUEHROV RUEHSK RUEHSL RUEHSR RUEHVK RUEHYG
DE RUEHAH #0798/01 1761035
ZNR UUUUU ZZH
P 251035Z JUN 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3040
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5358
RUEHBJ/AMEMBASSY BEIJING 3086
RUEHKO/AMEMBASSY TOKYO 2951
RUEHIT/AMCONSUL ISTANBUL 3602
RUCNDT/USMISSION USUN NEW YORK 1035
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3654
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000798

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [TX](#)

SUBJECT: TURKMENISTAN: OIL "GUSHES" IN CENTRAL KARAKUM DESERT

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Turkmenistan state media recently announced the launch of oil production from fields in the middle of the Karakum Desert. Production from the new fields is part of Turkmenistan's effort to increase oil production to 10.9 million tons (approximately 80.7 million barrels) by the end of 2009. It is the first stage of a larger project undertaken by the Turkmen energy industry aimed at producing hydrocarbons from oil and gas fields in this remote region. END SUMMARY.

13. (SBU) A front page article titled "Oil Gushes in the Central Karakum," published in state-controlled newspaper "Neutralniy Turkmenistan" on June 23, reported that the Turkmen Oil State Concern was about to start oil production from the Yilakly oil field and was planning to begin infrastructure development in the Mydar field in the third quarter of 2009. According to a Ministry of Oil and Gas representative, a significant number of relatively small gas and oil fields, including these two, are located in the central part of the Karakum Desert, which is structurally divided by geologists into Central Karakum gas-bearing zone and Bokurdak gas- and oil-bearing zone. Local geologists discovered most of the fields located in those zones during the Soviet era and drilled a number of exploration wells there. However, the Soviet government decided to suspend development of the fields and wells shortly after they were discovered. Their relatively small capacity and remote location from existing transportation infrastructure made it unfeasible to develop them at that time.

14. (SBU) There were ten exploration wells at the Yilakly field that were drilled and then suspended at the exploration stage. The Turkmen State Oil Concern and the Turkmen Geology Corporation have already prepared five of those wells for commercial production and are now in the process of preparing a sixth well. The concerns have also completed the construction of oil storage and transportation facilities. At

the initial stage, oil from this field will be shipped by oil-tank trucks to Baharly railway station located 65 kilometers to the south of the field, where an oil terminal has been constructed for these purposes. From there oil will be shipped by rail to Belek oil terminal, where it can be pumped into an existing pipeline that carries oil to the Turkmenbashi Oil Refinery. The oil production rate at the Yilakly field will be 130 tons (962 barrels) per day and can potentially be increased to 150 tons (1110 barrels).

15. (SBU) The Turkmen Oil State Concern will start constructing oil production and storage infrastructure at the Mydar oil field, which is located 140 kilometers north of the Baharly railway station, in the third quarter of 2009. The Concern will produce 250 tons (1850 barrels) of oil per day from six wells that have already been drilled at the field. The production rate will reach 350 tons (2530 barrels) per day as the number of wells grows. The Turkmen State Oil Concern plans to construct an oil pipeline that will connect the Mydar and Yilakly oil fields to the Baharly railway station's oil terminal, for further transport of the oil to the Turkmenbashi Refinery as described above.

16. (SBU) The Oil and Gas Ministry representative also mentioned that the Yilakly oil field contains large volumes of associated gas, but there is no infrastructure in place to utilize it.

17. (SBU) COMMENT: The Turkmen Government will likely continue to develop oil fields located in the central part of the Karakum Desert. At the same time, it will probably keep

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development of gas fields in that area suspended in the short- and mid-term, despite the fact that the number of gas fields located there is higher. The reason is that Turkmenistan has much larger gas fields to focus on now and in the near future, while the situation with oil production is quite different. Turkmenistan's largest oil fields, which are located in Western Turkmenistan, peaked in the early 1980s, and the production rate of the largest fields has declined since that time, to the extent that the Turkmen State Oil Concern has to use gas-lift field operation methods to prevent a further decline. The Turkmen Government's investment in the previously suspended oil fields might indicate that expected output of the fields located in Western Turkmenistan is not sufficient to meet future production goals. END COMMENT.

MILES